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World Production and Trade

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Weekly
Roundup

WR 19-85

May 8, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

OILSEEDS AND PRODUCTS

EGYPT's unsuccessful attempt to increase oilseed production significantly has left new soybean crushing plants idle. To alleviate the pressures of excess oilseed crushing capacity, Egypt began to increase soybean imports substantially in early 1985. Most of the imports are expected to come from the United States. The U.S. agricultural counselor in Cairo forecasts that the trend toward larger soybean imports will continue during the 1985/86 (Oct.-Sept.) marketing year. The counselor forecasts 1985/86 soybean imports at 175,000 tons, compared with this year's estimate of 150,000 tons.

Due to high domestic and world vegetable oil prices, the U.S. agricultural attache in Dhaka forecasts a sharp decline in BANGLADESH's 1984/85 vegetable oil imports. They are currently estimated at 116,000 tons, compared with the previous year's level of 152,000 tons. Imports of soybean oil during the 1984/85 marketing year are forecast to decline 24 percent. The reduction in soybean oil imports is expected to have a negative impact on the U.S. market share. During the past couple of years, the U.S. share of the vegetable oil import market in Bangladesh has ranged from 20 to 25 percent.

DAIRY, LIVESTOCK AND POULTRY

Based upon the resubmission of a 1984 petition from the American Lamb Company and its cooperative members, the Department of Commerce has initiated a Countervailing Duty Investigation (CVD) for lamb from NEW ZEALAND. This followed the U.S. decision that, because of New Zealand's non-compliance with an earlier agreement, an injury test is no longer required for a CVD case after April 1. Commerce's preliminary finding is due by June 19. Final determination is expected in early September.

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PROCUREMENT SECTION
CURRENT SERIAL RECORDS

JUL 17 1985

On April 10, AUSTRIA notified the Director General of the General Agreement on Tariffs and Trade (GATT) that Austria was withdrawing from the GATT's International Dairy Arrangement (IDA) in 60 days. The withdrawal will become effective on June 9. Austria is greatly concerned that existing minimum prices established by the Arrangement no longer reflect the current market situation.

Dairy products continue to be sold on international markets by IDA members at prices well below established minimums. Prices for butter now range between \$950 and \$1,050 per ton f.o.b. compared with the minimum of \$1,200 per ton f.o.b.

Austria's withdrawal from the IDA does not have a direct impact on U.S. dairy product exports. However, the Austrian withdrawal supports the U.S. position that the IDA is not able to resolve satisfactorily flagrant breaches of its rules by participating markets.

In NEW ZEALAND, the 1984/85 (June-May) dairy season is heading for another record in milk production, according to the U.S. agricultural attache in Wellington. During the first seven months of 1984/85, milk production increased 7 percent over the same period of 1983/84. In contrast to many regions where drought conditions prevail, pasture growth in the major dairy regions has been good.

Dairy farmers in the NETHERLANDS appear to have exceeded the European Community's 1984/85 (April-March) delivery quotas by 1 percent, according to the U.S. agricultural counselor in The Hague. Penalties to be paid by farmers on the over-quota production are expected to total about \$15 million. For 1985/86, the quota is scheduled to drop an additional 1 percent. For the average farmer, quotas will decline slightly more because the government intends to increase the quota for hardship cases.

Near-drought conditions exist in the eastern region of both islands in New Zealand, according to the U.S. agricultural attache in Wellington. Rain is urgently needed before the onset of winter weather when pasture growth slows. Winter feed reserves are being fed on many farms. The dry areas hold one-third of the cattle and most of the sheep. The drought has caused both sheep and cattle slaughter to increase and carcass weight to fall. In 1984/85, cattle slaughter is forecast to increase by 9 percent and beef and veal production to rise 7 percent to 493,000 tons. Sheep slaughter in 1984/85 is forecast to increase 10 percent and sheepmeat production is projected to be up 5 percent. Sheep carcass weights are lower not only due to the drought, but also because higher prices are being paid for lean lambs. For 1985/86, the drought is expected to reduce the lamb crop, which is estimated at a record in 1984/85.

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TOBACCO

In the NETHERLANDS, domestic consumption of cigarettes is estimated to have fallen in 1984 by 15 percent compared to 1983. During 1980-84, per capita consumption of cigarettes plunged from 1,575 to 1,162 pieces. Decreasing incomes, 38-percent higher cigarette prices and health issues are the major reasons for this development. Shag tobacco manufacturers have been doing better since many cigarette smokers have switched to rolling their own cigarettes. However, this upward trend in shag tobacco is expected to end, because both domestic consumption and exports are stagnating.

According to the U.S. agricultural attache in New Delhi, INDIA's 1984 tobacco crop is estimated at 497,100 tons, 16 percent below the previous year's output due to a 12-percent area decrease. The government restricted output in an effort to avoid excessive supplies and to keep tobacco prices at remunerative levels. A 26-percent decline occurred in the flue-cured tobacco area, which represents about 25 percent of the crop. However, the dark air/sun-cured tobacco area, which accounts for nearly 72 percent of total output, registered a slight increase. Aside from government imposed restrictions, unfavorable weather conditions in some tobacco producing states and diversion of tobacco area to cotton and oilseed crops also contributed to reduced output.

According to the U.S. agricultural officer in Sao Paulo, PARAGUAY's 1985 tobacco crop is forecast at 9,900 tons, 51 percent below the previous year's revised crop estimate of 20,000 tons due to a 56-percent area decrease. Farmers shifted from tobacco to cotton as a result of excellent producer returns in 1984. The dark air/sun-cured tobacco area, which accounts for over 90 percent of total tobacco production, registered a 61-percent decline.

FRUITS

AUSTRALIA's 1985 citrus crop is forecast at 533,000 tons, down 5 percent from last year's record outturn of 559,000 tons, according to the U.S. agricultural counselor in Canberra. Production of oranges is expected to total 436,000 tons, also down 5 percent from last year. Generally dry conditions have forced growers to make extensive use of supplementary irrigation. Overall, however, tree health is quite good and fruit set and size development for the 1985 crop have been very satisfactory.

CHILE's 1985 citrus production is projected at a record 143,000 tons, up 13 percent from last year, according to the U.S. agricultural attache in Santiago. Production of oranges is forecast at 73,000 tons, up 6 percent from 1984. The 1985 lemon crop is forecast at 70,000 tons, up 21 percent from last year but equal to 1983 output. Lemon production has largely recovered from the spring freeze of 1983, which caused the downturn in the 1984 crop.

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SOUTHERN HEMISPHERE production of dried prunes for the 1984/85 season is estimated at 16,400 tons, 7 percent above the 1983/84 level. Supplies from Chile and Australia are expected to be plentiful. After last season's weather-damaged outturn, dried tonnage in Australia is expected to rebound to 3,000 tons. New orchards entering production and young plantations yielding more fruit are expected to raise Chile's 1984/85 output to 5,000 tons.

Inclement weather at harvesttime adversely affected both the quantity and quality of the Argentine and South African crops. Damage to the South African crop was particularly severe, dropping output 10 percent to slightly less than 1,900 tons. Argentina, however, escaped substantial losses. Dried tonnage is expected to remain near the 1983/84 level of 6,500 tons.

Production of dried prunes in the Southern Hemisphere is estimated as follows, in 1,000 tons:

	1982/83	1983/84	1984/85 1/
Argentina	6.0	6.5	6.5
Australia	3.7	2.3	3.0
Chile	4.0	4.4	5.0
South Africa	2.0	2.1	1.9
Total	15.7	15.3	16.4

1/ Preliminary.

Output of raisins and sultanas in the SOUTHERN HEMISPHERE is expected to decline for the third consecutive year. Commercial production during the 1984/85 season is estimated at 101,000 tons, down 18 percent from last season and 22 percent below the record pack of 1981/82. The largest shortfall is reported in Australia, where the combination of insufficient irrigation facilities, poor management practices and strong competition from wineries is expected to cut 1984/85 output by 24 percent. Rain and hail damage during the crucial harvesting/laying/drying period has reportedly reduced dried tonnage in both Argentina and South Africa. Only Chile, favored with excellent growing conditions and a substantially larger fresh grape crop, is expected to record an increase on the season.

Production of raisins and sultanas in the Southern Hemisphere is estimated as follows, in 1,000 tons:

	1982/83	1983/84	1984/85 1/
Argentina	8.0	7.0	6.0
Australia	80.0	83.0	63.0
Chile	3.3	3.8	4.2
South Africa	32.9	29.8	27.8
Total	124.2	123.6	101.0

1/ Preliminary.

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SUGAR

WORLD centrifugal sugar production in 1985/86 is forecast at 99.6 million tons (raw basis), virtually unchanged from the revised 1984/85 estimate of 99.4 million, but 3 percent above the revised 1983/84 output of 96.2 million. The largest regional increase is expected to occur in Asia, up 7 percent from 1984/85. World production of sugar from cane is forecast at 63 million tons and sugar from beets at 37 million. Weather conditions have not been as favorable as last year because of the late spring in Europe and prolonged drought in several major cane-producing countries.

Sugar production in the European Community, which accounts for 13 percent of the world total, is expected to decrease 2 percent from the 1984/85 outturn. The forecast of 1.7 million hectares of beets for harvest in 1985 is slightly less than last year. The outlook for 1985/86 in France is for a 6-percent decline in sugar production as a result of a 38,000-hectare decrease in beet area.

In other West European countries, sugar production is forecast to drop 11 percent from 1984/85, also mainly because of decreased area. East European countries are planning to produce about the same amount of sugar in 1985/86 as last year. Although Poland's production is likely to be down around 8 percent because of reduced area, offsetting increases are expected in other East European countries.

Ample amounts of fall rainfall and heavy winter snow have assured good moisture supplies for early beet growth in the Soviet Union; however, planting progress is behind normal due to excessive soil moisture. Given normal weather for the remainder of the season, sugar beet production should approximate the 1984 harvest of 8.8 million tons.

Sugar production in Brazil, the world's largest producer in 1984/85, also is forecast at 8.8 million tons, slightly less than last season. Large world sugar supplies and low prices could have a dampening effect on Brazil's sugar production plans, which will be announced in June. More cane will likely be directed into alcohol production because of efforts now being made to reduce sugar exports.

Sugar production is forecast to increase in four of Asia's six largest producing countries for 1985/86. While India, the largest producer in this region, is forecast to increase output by 15 percent from last year's short crop, planting for the 1985/86 crop took place under unsatisfactory conditions, mainly the lack of winter rainfall in the major producing states. Pakistan's prospects are expected to be better than last season when the crop suffered from adverse weather and pest infestation.

The upward trend of sugar output is expected to continue in China, the second largest producer in Asia. The increase for 1985/86 is forecast to come from expanded area for both cane and beet crops, because of increased incentives to growers. Beet area is forecast to expand by 40 percent and cane area by 15 percent.

Sugar production in the Philippines has declined significantly in recent years and area planted and yields are likely to continue to decline in 1985/86. The 1.3-million-ton forecast is about half the outturn of only a few years ago, although weather conditions are reported considerably improved over those of the previous year. Sugar production in Thailand is forecast at 2.5 million tons, the same as in 1984/85, but 12 percent below the record set in 1981/82. Indonesian production is forecast to increase slightly due to better management, the use of improved varieties and domestic policies that favor growers.

Sugar production in South Africa for 1985/86 is forecast to decline 11 percent from the record high estimated for 1984/85. Because a market-oriented system provided farmers with financial incentives to maximize production, all-time records are expected for 1984/85 cane area, cane production and sugar production.

Australia's 1985/86 production is forecast to decline slightly. The poor financial situation of many growers has resulted in reduced inputs and a slight reduction in sugar cane area.

Regional sugar production estimates are as follows in million tons (raw basis):

Region	1984/85			1985/86		
	Beet	Cane	Total	Beet	Cane	Total
North America	2.76	6.04	8.80	2.7	6.4	9.0
South America	.39	13.87	14.26	.4	13.5	13.9
Central America	0	1.79	1.79	0	1.8	1.8
Caribbean	0	9.81	9.81	0	9.7	9.7
European Community	13.25	0	13.25	12.9	0	12.9
Other West Europe	2.24	.01	2.26	2.0	1/	2.0
East Europe	5.77	0	5.77	5.8	0	5.8
USSR	8.80	0	8.80	8.8	0	8.8
North Africa	.52	1.10	1.61	.5	1.0	1.6
Other Africa	0	6.14	6.14	0	5.9	5.9
Middle East	2.28	.20	2.48	2.3	.2	2.5
Asia 2/	1.59	18.88	20.46	1.7	20.2	21.9
Oceania	0	3.94	3.94	0	3.9	3.9
Total 3/	37.60	61.77	99.38	37.0	62.6	99.6

1/ Less than 50,000 tons. 2/ Includes Khandsari sugar in India. 3/ May not add due to rounding.

Selected International Prices

Item		May 7, 1985		Change from	A year
				: previous week	: ago
ROTTERDAM PRICES 1/					
Wheat:		\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Canadian No. 1 CWRs-13.5%.	188.00	5.12	-3.00	195.00	
U.S. No. 2 DNS/NS: 14%....	176.00	4.79	-2.50	185.50	
U.S. No. 2 S.R.W.9/	151.50	4.12	-7.50	150.50	
U.S. No. 3 H.A.D.9/	180.00	4.90	-4.00	188.00	
Canadian No. 1 A: Durum...	189.50	5.16	+.50	195.00	
Feed grains:					
U.S. No. 3 Yellow Corn....	134.00	3.40	-2.00	160.00	
Soybeans and meal:					
U.S. No. 2 Yellow.....	237.50	6.46	-4.00	324.10	
Brazil 47/48% SoyaPellets 4/	149.00	--	-2.00	218.00	
U.S. 44% Soybean Meal....	145.00	--	-3.00	215.00	
U.S. FARM PRICES 3/					
Wheat.....	123.81	3.37	-.73	130.43	
Barley.....	83.59	1.82	-.30	103.34	
Corn.....	103.94	2.64	-.79	130.31	
Sorghum.....	96.78	4.39	6/	107.36	
Broilers 7/.....	1083.78	--	+41.23	1198.64	
EC IMPORT LEVIES					
Wheat 8/.....	58.10	1.58	-2.65	75.25	
Barley.....	57.15	1.24	-1.90	68.15	
Corn.....	49.95	1.27	-.45	51.90	
Sorghum.....	64.00	1.63	-3.00	77.35	
Broilers 9/.....	N.Q.	--	N.Q.	N.Q.	
EC INTERVENTION PRICES 10/					
Common wheat(feed quality)	142.05	3.87	-5.85	180.35	
Bread wheat (min. quality)7/	151.05	4.11	-6.15	196.15	
Barley and all					
other feed grains.....	142.05	--	-5.85	180.35	
Broilers 11/.....	N.Q.	--	N.Q.	N.Q.	
EC EXPORT RESTITUTIONS (subsidies)					
Wheat	22.95	.62	+2.55	N.A.	
Barley.....	N.A.	--	--	41.90	
Broilers 9/.....	N.Q.	--	N.Q.	N.Q.	

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/June-July shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.

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